

September 21, 2011



The Honorable Daniel Inouye
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Thad Cochran
Ranking Member
Committee on Appropriations
United States Senate
Washington, DC 20510



The Honorable Tom Harkin
Chairman
Subcommittee on Labor, Health and Human
Services, Education, Related Agencies
Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Richard Shelby
Ranking Member
Subcommittee on Labor, Health and Human
Services, Education, Related Agencies
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Chairman Inouye, Ranking Member Cochran, Chairman Harkin and Ranking
Member Shelby:



As our states prepare for the coming winter heating season, we are deeply concerned over reports that the Low Income Home Energy Assistance Program (LIHEAP) funding in FY2012 could be reduced by as much as 50 percent. This reduction would jeopardize meaningful assistance for the most vulnerable low income households struggling to pay unaffordable home energy bills. We recognize that you face difficult budget decisions in the coming days. However, as home heating fuel prices continue their upward trend, we respectfully urge you to support LIHEAP funding at the level of \$5.1 billion, the last level Congress authorized.



Households in the Northeast face some of the nation's highest home heating bills due to the long winter heating season and heating fuel prices that typically exceed national average prices regardless of the fuel used. Households in our states are more likely to be dependent on expensive delivered fuels, such as home heating oil or propane. In August, home heating oil prices in the Northeast were approximately \$3.80/gallon – a 15 percent increase over 2008 prices and a more than 25 percent increase over 2010. The Energy Information Administration projects that the price of home heating oil will reach \$4.00/gallon this winter. At these prices, the cost of filling a typical tank is over \$1,000.



If LIHEAP funding in FY2012 is reduced to the level of \$2.57 billion, our states will be required to take drastic measures that will endanger the most vulnerable LIHEAP households. As outlined in the enclosed fact sheet prepared by the Coalition of Northeastern Governors (CONEG), these include reducing benefit levels from 25 to up to 50 percent, tightening eligibility standards, or delaying payments until the coldest part of the winter or shutting the program down when the weather is still cold. Each option holds potential risks for the households, particularly the 60 percent of LIHEAP households in the Northeast with income below the federal poverty level of \$15,000 for a two-person household. Changing LIHEAP eligibility standards could cut off households from other public and private assistance such as shut off moratoriums and assistance with paying down arrearages. If the basic LIHEAP benefit is reduced as much as 50 percent this winter, it would not cover the cost of the minimum delivery required by home heating fuel dealers.



The Honorable Daniel Inouye
The Honorable Thad Cochran
The Honorable Tom Harkin
The Honorable Richard Shelby

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We urge you to support a funding level of \$5.1 billion in FY2012 so that this vital program can continue to offer modest yet urgently needed relief to millions of our nation's most vulnerable households struggling with unaffordable energy bills.

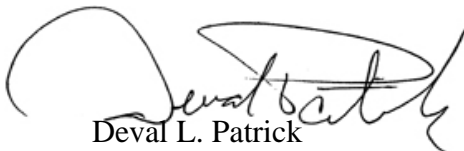
Sincerely,



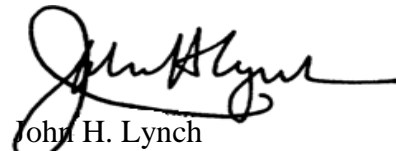
Dannel P. Malloy
Governor of Connecticut



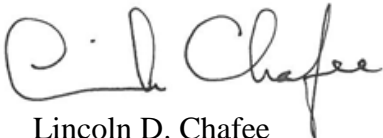
Paul R. LePage
Governor of Maine



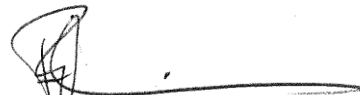
Deval L. Patrick
Governor of Massachusetts



John H. Lynch
Governor of New Hampshire



Lincoln D. Chafee
Governor of Rhode Island



Peter Shumlin
Governor of Vermont

Enclosure

LIHEAP FACT SHEET

OUTLOOK: WINTER 2011-2012

FUNDING LEVELS ARE UNCERTAIN

- As the winter heating season approaches, the level of FY2012 LIHEAP appropriations and its distribution among the states are unknown. State LIHEAP officials must plan and budget for a “worst case” scenario: a possible reduction of almost 50 percent in federal LIHEAP funds.
- The \$2.57 billion FY2012 Budget Request for LIHEAP (a reduction of almost 50 percent from FY2010 and FY2011) assumes that home energy prices would decline. The original House budget resolution recommended this funding level.

HOME HEATING PRICES REMAIN HIGH

- Home heating fuel prices in the Northeast continue to be higher than any other region of the nation. Northeast households typically face higher total home heating expenditures due to a longer winter heating season and traditionally higher average home heating fuel prices, regardless of the type of fuel used.
- In August, home heating oil prices in the region are close to \$3.80/gallon – a 15 percent increase over 2008 prices and more than 25 percent higher than 2010. At this price, a full tank of home heating oil would cost over \$1,000. EIA projects that the price of home heating oil will reach \$4.00/gallon this winter.
- Compared to last year, residential natural gas prices are expected to increase modestly in the coming heating season. However, the average price for natural gas in the Northeast this winter could be close to \$14.00/tcf – significantly higher than the national average price of \$11.50/tcf – (See EIA August 2011 Short-Term Energy Outlook).

STATES PLAN FOR LIHEAP IN WINTER 2011

- Under a worst case scenario, Northeast states could be forced to reduce the level of benefits by 25 percent to over 50 percent compared to last winter, when the LIHEAP benefit typically covered approximately 20 percent of heating costs for delivered fuels and 60 percent of heating costs for natural gas. The basic benefit would need to be combined with a crisis benefit to provide even one minimum fuel delivery for the season.
- Some states may tighten eligibility standards closer to 150 percent Federal Poverty Level. Over 60 percent of LIHEAP households in the Northeast have income levels below the federal poverty level, which is less than \$15,000 for a two person household.
- Other states are reluctant to change eligibility standards since a loss of LIHEAP assistance can cut off other public and private assistance, such a utility shut-off moratorium or assistance with paying down utility arrearages.
- States may shorten LIHEAP season either by delaying payments until the coldest part of the winter or shutting down the program in early spring when the weather is still cold.